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**Before The
Federal Communications Commission
Washington, D.C. 20554**

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of:) **RM-8496**
)
Pacific Bell Petition for Rulemaking)
to Amend Section 69.106 of the)
Commission's Rules)

REPLY COMMENTS IN SUPPORT OF OPPOSITIONS TO WAIVER

Allnet Communication Services, Inc. (Allnet) hereby files these reply comments in support of the numerous oppositions to the Pacific Bell (PacBell) Petition for Rulemaking filed on August 22, 1994. As discussed in the oppositions, and herein, the Commission must deny the PacBell Petition for Rulemaking.

In particular, the AT&T and MCI oppositions provide an excellent expose on what is one of the most egregious regulatory ploys to scam the Commission's price cap system. PacBell's Petition is simply another attempt to extract monopoly rents from its captive interexchange customers. Were PacBell in a truly competitive environment, they would not have even considered filing such a proposal to move to a per call setup charge. In the competitive world, a world from which PacBell, is apparently clearly removed, the telecommunications industry, especially the interexchange sector, has been moving to more cost-based pricing schemes - away from pricing services on a per message or per call basis. Many new products use postalized per minute rates. Even traditional MTS-type services have moved away from first minute/additional minute pricing structure that previously existed over a decade ago.

PacBell's Petition is a mere rehash of what Bell Atlantic unsuccessfully

sought in 1989.¹ The Order in 1989 did not buy off on Bell Atlantic's claims that it would face an increase in costs due to the lack of a per call setup charge and the alleged declining per call length. The Commission's Order stated:

In addition, Bell Atlantic's representations have failed to convince us that Bell Atlantic faces any unique circumstances with regard to its asserted potential increase in its costs. (¶15)

In its Petition, PacBell does not offer any new or novel information that would support a "unique" circumstance warranting a per call setup charge for PacBell or any other local exchange carrier.

Both AT&T and MCI present numerous sound arguments why the Commission should deny the PacBell Petition. In addition to those arguments, Allnet pointed out in its Petition in 1989 against Bell Atlantic, several problems would exist under a per call setup structure. Those problems that would exist under any per call setup structure. Allnet highlighted the fact that a per call setup charge (1) would not be revenue neutral for individual customers and carriers, and would unreasonably discriminate against many interexchange carriers who provide services with inherently short duration calls and unreasonably require some customers to bear increased costs, (2) would result in a conflict with underlying cost separations between inter and intrastate jurisdictions, (3) that problems of excess charges could be resolved by correcting

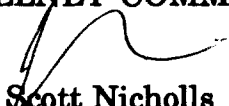
¹See, In the Matter of Bell Atlantic Telephone Companies Petition for Waiver of Sections 69.106 and 69.205 of the Commission's Rules To Permit a Call Setup Charge, Transmittal no. 310, Memorandum Opinion and Order, Released September 29, 1989, DA 89-1258 ("Bell Atlantic Petition" and "Order"). See also, Allnet Opposition to Petition for Waiver and Petition to Reject, filed June 6, 1989 ("Allnet Petition") Allnet's Petition is attached hereto and incorporated by reference.

the intrastate rates to reflect costs (the intrastate pricing structure of PacBell is similar to Bell Atlantic and could also be corrected by adjusting its intrastate rate levels to be cost-causative), and (4) the proposed changes make it more complex and time consuming for customers to verify LEC bills.

II. CONCLUSION

For the reasons set forth herein and in the Oppositions filed by numerous parties in this proceeding, the Commission should deny PacBell's petition for rulemaking to amend Section 69.106 of the Commission's rules.

Respectfully submitted,
ALLNET COMMUNICATION SERVICES, INC

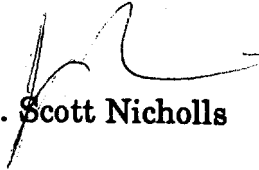


J. Scott Nicholls
Manager of Regulatory Affairs
1990 M Street, NW, Suite 500
Washington, D.C. 20036
(202) 293-0593

Dated: September 6, 1994

CERTIFICATE OF SERVICE

I, J. Scott Nicholls, hereby certify that a copy of the foregoing Reply Comments were sent via first class mail, postage paid, to the parties on the attached service list on this 6th Day of September, 1994.


J. Scott Nicholls

* indicates service by hand.

Richard Metzger*
Chief, Common Carrier Bureau
Federal Communications Commission
Room 500
1919 M Street, N.W.
Washington, DC 20554

Kathleen Levitz*
Federal Communications Commission
Room 500
1919 M Street NW
Washington, DC

Gregory J. Vogt*
Chief, Tariff Division
Federal Communications Commission
Room 518
1919 M Street, N.W.
Washington, DC 20554

Ann Stevens*
Federal Communications Commission
Room 518
1919 M Street, N.W.
Washington, DC 20554

David Nall *
Deputy Chief, Tariff Division
Federal Communications Commission
Room 518
1919 M Street, NW
Washington, DC 20554

International Transcription Service*
Federal Communications Commission
Room 246
1919 M Street, N.W.
Washington, DC 20554

James L. Wurtz
Pacific Bell
1275 Pennsylvania Ave., NW
Washington, DC 20004

James P. Tuthill
Pacific Bell
140 New Montgomery St., Rm. 1523
San Francisco, CA 94105

Nancy Woolf
Pacific Bell
140 New Montgomery St., Rm. 1523
San Francisco, CA 94105

AT&T

Mark/C. Rosenblum
Robert J. McKee
Peter H. Jacoby

Room 2255F2
295 North Maple Avenue
Basking Ridge, N. J. 07920
Telephone: (908) 221-3539